IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

Inline Connection Corporation, Plaintiff, v. Verizon Internet Services, Inc., et al., Defendants.	Civil Action No. 05-866 (JJF)
Verizon Internet Services, Inc. and Verizon Delaware, Inc., Counterclaim-Plaintiffs, v. Inline Connection Corporation; Broadband Technology Innovations, LLC; and Pie Squared LLC, Counterclaim-Defendants.	Civil Action No. 05-866 (JJF)

VERIZON DEFENDANTS' ANSWER TO COUNTERCLAIMS OF BROADBAND TECHNOLOGY INNOVATIONS, LLC AND PIE SQUARED LLC

Verizon Internet Services, Inc. ("VIS"), GTE.Net LLC *d/b/a* Verizon Internet Solutions ("GTE.Net"), Verizon Services Corp. ("Verizon Services"), Telesector Resources Group, Inc. ("TRG"), Verizon Corporate Services Group Inc. ("Verizon Corporate Services"), Verizon Advanced Data Inc. ("Verizon Advanced Data"), Verizon Avenue Corp. ("Verizon Avenue"), Verizon Delaware, Inc. ("Verizon Delaware"), and GTE Southwest, Inc. *d/b/a* Verizon Southwest ("Verizon Southwest") named as Defendants in the above-captioned suit (hereinafter referred to collectively as "Answering Defendants" or "Verizon Defendants"), hereby answer the counterclaims of Broadband Technology Innovations, LLC ("BBTI") and Pie Squared LLC ("Pie Squared") filed on May 4, 2006, as follows:

COUNTERCLAIMS

THE PARTIES

1. Answering Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations of Paragraph 1 of the BBTI/Pie Squared counterclaims and therefore deny same.

2. Answering Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations of Paragraph 2 of the BBTI/Pie Squared counterclaims and therefore deny same.

3. Paragraph 3 does not contain allegations requiring a response.

4. Answering Defendants admit that VIS is a corporation organized and existing under the laws of the State of Delaware, with a principal place of business at 1880 Campus Commons Drive, Reston, Virginia. Answering Defendants deny the remaining allegations in Paragraph 4 of the BBTI/Pie Squared counterclaims.

5. Answering Defendants admit that GTE.Net is a limited liability company organized and existing under the laws of the State of Delaware, with a principal place of business at 4055 Corporate Drive, #400, Grapevine, Texas. Answering Defendants deny the remaining allegations in Paragraph 5 of the BBTI/Pie Squared counterclaims.

6. Answering Defendants admit that Verizon Services is a corporation organized and existing under the laws of the State of Delaware, with a principal place of business at 1310 N. Court House Road, Arlington, Virginia. Answering Defendants deny the remaining allegations in Paragraph 6 of the BBTI/Pie Squared counterclaims.

7. Answering Defendants admit that TRG is a corporation organized and existing under the laws of the State of Delaware, with a principal place of business at 104 West Street, New York, New York. Answering Defendants deny the remaining allegations in Paragraph 7 of the BBTI/Pie Squared counterclaims.

8. Answering Defendants admit that Verizon Corporate Services is a corporation organized and existing under the laws of the State of New York, with a principal place of business at 140 West Street, New York, New York. Answering Defendants deny the remaining allegations in Paragraph 8 of the BBTI/Pie Squared counterclaims.

9. Answering Defendants admit that Verizon Advanced Data is a corporation organized and existing under the laws of the State of Delaware, with a principal place of business at 1320 N. Court House Road, Arlington, Virginia. Answering Defendants deny the remaining allegations in Paragraph 9 of the BBTI/Pie Squared counterclaims.

10. Answering Defendants admit that Verizon Avenue is a corporation organized and existing under the laws of the State of Delaware, with a principal place of business at 12901 Worldgate Drive, Herndon, Virginia. Answering Defendants deny the remaining allegations in Paragraph 10 of the BBTI/Pie Squared counterclaims.

11. Answering Defendants admit that Verizon Southwest is a corporation organized and existing under the laws of the State of Delaware. Answering Defendants deny the remaining allegations in Paragraph 11 of the BBTI/Pie Squared counterclaims.

12. Answering Defendants admit that Verizon Delaware is a corporation organized and existing under the laws of the State of Delaware, with a principal place of business at 901 Tatnall Street, Wilmington, Delaware. Answering Defendants deny the remaining allegations in Paragraph 12 of the BBTI/Pie Squared counterclaims.

13. Paragraph 13 does not contain allegations requiring a response.

JURISDICTION AND VENUE

14. Answering Defendants admit that the BBTI/Pie Squared counterclaims arise under patent laws of the United States, Title 35 of the United Sates Code, and that for this reason, this Court has subject matter jurisdiction pursuant to 28 U.S.C. §§ 1331 and 1338(a).

15. Answering Defendants admit only that venue is proper in the District of Delaware for purposes of adjudication of the BBTI/Pie Squared counterclaims. Answering Defendants deny the remaining allegations in Paragraph 15 of the BBTI/Pie Squared counterclaims.

BACKGROUND

16. Answering Defendants admit that on its face U.S. Patent No. 5,844,596 ("the '596 Patent) issued on December 1, 1998 listing David D. Goodman as the inventor. Answering Defendants admit that a copy of the '596 patent was attached to the BBTI/Pie Squared counterclaims as Exhibit A. Answering Defendants deny the remaining allegations in Paragraph 16 of the BBTI/Pie Squared counterclaims.

17. Answering Defendants admit that on its face U.S. Patent No. 6,236,718 ("the '718 Patent") issued on May 22, 2001 listing David D. Goodman as the inventor. Answering Defendants admit that a copy of the '718 patent was attached to the BBTI/Pie Squared counterclaims as Exhibit B. Answering Defendants deny the remaining allegations in Paragraph 17 of the BBTI/Pie Squared counterclaims.

18. Answering Defendants admit that on its face U.S. Patent No. 6,243,446 ("the '466 Patent") issued on June 5, 2001 listing David D. Goodman as the inventor. Answering Defendants admit that a copy of the '446 patent was attached to the BBTI/Pie Squared

counterclaims as Exhibit C. Answering Defendants deny the remaining allegations in Paragraph 18 of the BBTI/Pie Squared counterclaims.

19. Answering Defendants admit that on its face U.S. Patent No. 6,542,585 ("the '585 Patent") issued on April 1, 2003 listing David D. Goodman as the inventor. Answering Defendants admit that a copy of the '585 patent was attached to the BBTI/Pie Squared counterclaims as Exhibit D. Answering Defendants deny the remaining allegations in Paragraph 19 of the BBTI/Pie Squared counterclaims.

20. Answering Defendants admit that on its face U.S. Patent No. 6,970,537 ("the '537 Patent") issued on November 29, 2005 listing David D. Goodman as the inventor. Answering Defendants admit that a copy of the '537 patent was attached to the BBTI/Pie Squared counterclaims as Exhibit E. Answering Defendants deny the remaining allegations in Paragraph 20 of the BBTI/Pie Squared counterclaims.

21. Answering Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations of Paragraph 21 of the BBTI/Pie Squared counterclaims and therefore deny same.

22. Answering Defendants lack knowledge or information sufficient to form a belief as to the truth of the allegations of Paragraph 22 of the BBTI/Pie Squared counterclaims and therefore deny same.

COUNT ONE
INFRINGEMENT OF THE '596 PATENT
(35 U.S.C. §§ 271 ET SEQ.)

23. Answering Defendants repeat and incorporate herein the entirety of their responses contained in Paragraphs 1 through 22 above in response to Paragraph 23 of the BBTI/Pie Squared counterclaims.

24. Answering Defendants deny the allegations of Paragraph 24 of the BBTI/Pie Squared counterclaims.

25. Answering Defendants deny the allegations of Paragraph 25 of the BBTI/Pie Squared counterclaims.

26. Answering Defendants deny the allegations of Paragraph 26 of the BBTI/Pie Squared counterclaims.

27. Answering Defendants deny the allegations of Paragraph 27 of the BBTI/Pie Squared counterclaims.

28. Answering Defendants deny the allegations of Paragraph 28 of the BBTI/Pie Squared counterclaims.

COUNT TWO
INFRINGEMENT OF THE ‘718 PATENT
(35 U.S.C. §§ 271 ET SEQ.)

29. Answering Defendants repeat and incorporate herein the entirety of their responses contained in Paragraphs 1 through 22 above in response to Paragraph 29 of the BBTI/Pie Squared counterclaims.

30. Answering Defendants deny the allegations of Paragraph 30 of the BBTI/Pie Squared counterclaims.

31. Answering Defendants deny the allegations of Paragraph 31 of the BBTI/Pie Squared counterclaims.

32. Answering Defendants deny the allegations of Paragraph 32 of the BBTI/Pie Squared counterclaims.

33. Answering Defendants deny the allegations of Paragraph 33 of the BBTI/Pie Squared counterclaims.

34. Answering Defendants deny the allegations of Paragraph 34 of the BBTI/Pie Squared counterclaims.

COUNT THREE
INFRINGEMENT OF THE '446 PATENT
(35 U.S.C. §§ 271 ET SEQ.)

35. Answering Defendants repeat and incorporate herein the entirety of their responses contained in Paragraphs 1 through 22 above in response to Paragraph 35 of the BBTI/Pie Squared counterclaims.

36. Answering Defendants deny the allegations of Paragraph 36 of the BBTI/Pie Squared counterclaims.

37. Answering Defendants deny the allegations of Paragraph 37 of the BBTI/Pie Squared counterclaims.

38. Answering Defendants deny the allegations of Paragraph 38 of the BBTI/Pie Squared counterclaims.

39. Answering Defendants deny the allegations of Paragraph 39 of the BBTI/Pie Squared counterclaims.

40. Answering Defendants deny the allegations of Paragraph 40 of the BBTI/Pie Squared counterclaims.

COUNT FOUR
INFRINGEMENT OF THE '585 PATENT
(35 U.S.C. §§ 271 ET SEQ.)

41. Answering Defendants repeat and incorporate herein the entirety of their responses contained in Paragraphs 1 through 22 above in response to Paragraph 41 of the BBTI/Pie Squared counterclaims.

42. Answering Defendants deny the allegations of Paragraph 42 of the BBTI/Pie Squared counterclaims.

43. Answering Defendants deny the allegations of Paragraph 43 of the BBTI/Pie Squared counterclaims.

44. Answering Defendants deny the allegations of Paragraph 44 of the BBTI/Pie Squared counterclaims.

45. Answering Defendants deny the allegations of Paragraph 45 of the BBTI/Pie Squared counterclaims.

46. Answering Defendants deny the allegations of Paragraph 46 of the BBTI/Pie Squared counterclaims.

COUNT FIVE
INFRINGEMENT OF THE '537 PATENT
(35 U.S.C. §§ 271 ET SEQ.)

47. Answering Defendants repeat and incorporate herein the entirety of their responses contained in Paragraphs 1 through 22 above in response to Paragraph 47 of the BBTI/Pie Squared counterclaims.

48. Answering Defendants deny the allegations of Paragraph 48 of the BBTI/Pie Squared counterclaims.

49. Answering Defendants deny the allegations of Paragraph 49 of the BBTI/Pie Squared counterclaims.

50. Answering Defendants deny the allegations of Paragraph 50 of the BBTI/Pie Squared counterclaims.

51. Answering Defendants deny the allegations of Paragraph 51 of the BBTI/Pie Squared counterclaims.

52. Answering Defendants deny the allegations of Paragraph 52 of the BBTI/Pie Squared counterclaims.

* * *

Answering Defendants hereby deny each and every allegation of the BBTI/Pie Squared counterclaims not specifically admitted herein.

PRAYER FOR RELIEF

Answering Defendants deny that BBTI and Pie Squared are entitled to the relief sought, or any other relief.

AFFIRMATIVE DEFENSES

1. The BBTI/Pie Squared counterclaims fail to state a claim upon which relief can be granted.

2. The ‘596, ‘718, ‘446, ‘585 and ‘537 patents are invalid and/or unenforceable under one or more provisions of Title 35, United States Code, including but not limited to 35 U.S.C. §§ 101, 102, 103 and 112.

3. Answering Defendants’ actions with respect to the use, sale or offer for sale of services relating to DSL Internet access do not infringe any properly construed, valid and/or enforceable claims of the ‘596, ‘718, ‘446, ‘585 and ‘537 patents.

4. BBTI’s and Pie Squared’s claims for damages are equitably barred in their entirety, and at the very least for any time prior to May 4, 2006, based upon their vexatious, bad-faith litigation conduct and abuse of process in concert with Inline Connection Corporation (“Inline”) and others. This conduct includes, for example, the filing of this lawsuit in April 2005 against

the Answering Defendants and other Verizon Operating Telephone Company ("OTC") entities in the Eastern District of Virginia solely in the name of Inline, even though Inline had previously transferred effective ownership of the patents-in-suit to BBTI, Pie Squared and/or Paperboy Ventures LLC. The suit was filed in the Eastern District of Virginia for the ulterior purpose of evading prior adverse judicial rulings of this Court in related pending actions against AOL and EarthLink. As part of the scheme, BBTI, Pie Squared, Inline and their counsel made false and/or misleading representations to the Eastern District of Virginia Court, and intentionally withheld information regarding ownership interests in the patents and the Delaware citizenship of BBTI, Pie Squared and Paperboy Ventures, in opposing transfer of the action to this Court. The full extent of the vexatious, bad faith litigation conduct of BBTI, Pie Squared, Paperboy Ventures, Inline and others is still subject to ongoing discovery and Court-ordered production of full and complete "ownership" information on or before May 31, 2006.

5. The claims of the '596, '718, '446, '585 and '537 patents are unenforceable under the doctrines of equitable estoppel, laches, prosecution laches, and/or unclean hands.

6. BBTI and/or Pie Squared lack standing to assert the present counterclaims.

7. The BBTI/Pie Squared counterclaims fail to join indispensable parties.

8. Answering Defendants reserve the right to assert affirmatively any other matter that constitutes an affirmative defense under applicable law and rules.

WHEREFORE, Answering Defendants pray this Court enter judgment:

A. dismissing the BBTI/Pie Squared counterclaims with prejudice and denying each and every prayer for relief contained therein;

B. declaring that the ‘596, ‘718, ‘446, ‘585 and ‘537 patents are not infringed by the use, sale or offer for sale of any of the Answering Defendants’ services relating to DSL Internet access, either literally or under the doctrine of equivalents;

C. declaring that the ‘596, ‘718, ‘446, ‘585 and ‘537 patents are invalid and/or unenforceable;

D. declaring that this case is “exceptional” within the meaning of 35 U.S.C. 285, and that all costs and expenses of this action, including reasonable attorneys’ fees, be awarded to Answering Defendants; and

E. granting Answering Defendants such further relief as this Court may deem necessary, just or proper.

Respectfully submitted,

OF COUNSEL:
John B. Wyss
Kevin P. Anderson
Robert J. Scheffel
WILEY REIN & FIELDING LLP
1776 K Street NW
Washington, DC 20006
Telephone: 202.719.7000
Facsimile: 202.719.7049

Dated: May 24, 2006

By: /s/ Jeffrey B. Bove
Jeffrey B. Bove (#998)
CONNOLLY BOVE LODGE & HUTZ LLP
The Nemours Building
1007 North Orange Street, Suite 878
Wilmington, DE 19801
Telephone: 302.658.9141
Facsimile: 302.658.5614
E-Mail: jbove@cblh.com

Counsel for Verizon Defendants

CERTIFICATE OF SERVICE

I hereby certify that on the 24th day of May, 2006 a true copy of the ***Verizon Defendants' Answer To Counterclaims Of Broadband Technology Innovations, LLC and Pie Squared LLC*** was sent to plaintiff's and counterclaim-defendants' counsel, in the manner indicated, upon:

Michael K. Plimack, Esq. (Served electronically and by overnight delivery)
Alexander L. Brainerd, Esq.
HELLER EHRMAN LLP
333 Bush Street
San Francisco, California 94104
Alexander.Brianerd@hellerehrman.com
Michael.Plimack@hellerhrman.com

C. Joël Van Over, Esq. (Served electronically and by overnight delivery)
BINGHAM MCCUTCHEN LLP
3000 K Street, NW, Suite 300
Washington, DC 20007-5116
joel.vanover@bingham.com

Julia Heaney, Esq. (Served by hand delivery)
MORRIS NICHOLS ARSHT & TUNNELL LLP
1201 N. Market Street
Post Office Box 1347
Wilmington, Delaware 19899-1347
jheaney@mnat.com

/s/ Jeffrey B. Bove